

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  ESTIMATION AND PRORATION OF NATURAL GAS BILLS	DOCKET NO. RMU-01-1
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**ORDER COMMENCING RULE MAKING**

(Issued February 21, 2001)

Pursuant to the authority of Iowa Code §§ 476.1, 476.2, 476.6, and 17A.4 (2001), the Utilities Board proposes to adopt the rules attached hereto and incorporated herein by reference in this order. These rules amend 199 IAC 19.3(8) and 19.10(3). This proceeding has been identified as Docket No. RMU-01-1. The reasons for proposing these amendments are set forth in the attached notice of intended action.

**IT IS THEREFORE ORDERED:**

A rule making proceeding identified as Docket No. RMU-01-1 is commenced for the purpose of receiving comments on the proposed rules in the notice attached hereto and incorporated herein by reference in this order.

**UTILITIES BOARD**

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Judi K. Cooper  
Acting Executive Secretary

/s/ Diane Munns

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Dated at Des Moines, Iowa, this 21<sup>st</sup> day of February, 2001.

## **UTILITIES DIVISION [199]**

### **Notice of Intended Action**

Pursuant to Iowa Code sections 17A.4, 476.1, 476.2, and 476.6 (2001), the Utilities Board (Board) gives notice that on February 21, 2001, the Board issued an order in Docket No. RMU-01-1, In re: Estimation and Proration of Natural Gas Bills. The Board is proposing to amend 199 IAC 19.3(8) to require that natural gas bills that are based upon estimated consumption, rather than actual meter readings, include actual degree day and premise consumption history data in the calculation of the estimate and to allow customers to provide meter readings by telephone, electronic mail, and U.S. mail. The Board is also proposing to require rate-regulated public utilities to submit their procedures for calculating estimated bills and to notify the Board if those procedures are changed. The Board also proposes to delete the last two paragraphs of the subrule since they repeat the language in earlier paragraphs.

The Board is also proposing to amend 199 IAC 19.10(3) to require that periodic changes in a rate-regulated utility's purchased gas adjustment (PGA) rate factors be prorated to become effective with usage on or after the date of change.

During the 2000-2001 heating season, many complaints have come to the Board concerning the calculation of customers' natural gas bills. The extreme weather and the high market price of natural gas have focused attention on the Board's rules and

utility companies' billing procedures. The primary focus of the complaints has been the methods used by the utility companies to estimate bills and the choice of some companies to not prorate customers bills based upon the PGA factor in effect when the gas was used.

The monthly billing periods of December 2000 and January 2001 were characterized by significant shifts in heating degree-day levels. Certain natural gas utilities have estimated customer bills during these months using billing determinants from a prior period, without regard to whether the billing determinants are representative of the current billing period. Requiring that utilities compare current degree-day data and premise consumption history should make the bill estimation procedures more equitable.

Under current practices of estimation, a customer's bill may not reflect the actual degree-days that existed during the billing period and the price of gas may depend more on the date the bill is prepared rather than on the price of gas on the date gas is consumed. The Board has received fewer complaints from customers of companies that prorate customer usage between PGA factors than from customers of those companies that do not. The Board has determined that these two proposed amendments will require that customer bills more equitably reflect the price of gas and the actual usage during the period of consumption, thus positively influencing customer perceptions of billing procedures.

Pursuant to Iowa Code sections 17A.4(1)"a" and "b," any interested person may file a written statement of position pertaining to the proposed amendments. The statement must be filed on or before April 12, 2001, by filing an original and ten

copies in a form substantially complying with 199 IAC 2.2(2). All written statements should clearly state the author's name and address and should make specific reference to this docket. All communications should be directed to the Executive Secretary, Iowa Utilities Board, 350 Maple Street, Des Moines, Iowa 50319-0069.

No oral presentation is scheduled at this time. Pursuant to Iowa Code § 17A.4(1)"b," an oral presentation may be requested or the Board on its own motion after reviewing the statements may determine that an oral presentation should be scheduled.

These amendments are intended to implement Iowa Code sections 17A.4, 476.1, 476.2, and 476.6.

The following amendments are proposed.

Item 1. Amend 199 IAC subrule 19.3(8) as follows:

**19.3(8) *Readings and estimates.*** When a customer is connected or disconnected or the meter reading date causes a given billing period to deviate by more than 10 percent (counting only business days) from the normal meter reading period, such bill shall be prorated on a daily basis.

~~The utility may leave a meter reading form with the customer when access to meters cannot be gained.~~ When access to meters cannot be gained, the utility may leave a self-read form with the customer. The customer may provide the meter reading by telephone, electronic mail (if it is allowed by the utility), or by mail. If the form is not returned in time for the billing operation, an estimated bill may be rendered. If an actual meter reading cannot be obtained, the utility may render an estimated bill without reading the meter or supplying a meter reading form to the

customer. Only in unusual cases or when approval is obtained from the customer shall more than three consecutive estimated bills be rendered.

When calculating an estimated bill, a utility shall make reasonable degree day adjustments. Reasonable adjustments shall include a comparison of the differences between the current degree day data and the degree day data used in the premise consumption history. If premise consumption history data is not available, the utility shall use data from similarly situated customer premises.

Utilities shall file with the board their procedures for calculating estimated bills, including their procedures for determining the reasonable degree day data to use in the calculations. Utilities shall inform the board when changes are made to the procedures for calculating estimated bills.

~~In the event that the utility leaves a meter reading form with the customer when access to meters cannot be gained and the form is not returned in time for the billing operation, an estimated bill may be rendered.~~

~~If an actual meter reading cannot be obtained, the utility may render an estimated bill without reading the meter or supplying a meter reading form to the customer. Only in unusual cases or when approval is obtained from the customer shall more than three consecutive estimated bills be rendered.~~

Item 2. Amend 199 IAC 19.10(3) as follows:

**19.10(3)** *Periodic changes to purchased gas adjustment clause.* Periodic purchased gas adjustment filings shall be based on the purchased gas adjustment customer classifications and groupings previously approved by the board. Changes

in the customer classification and grouping on file are not automatic and require prior approval by the board.

Periodic filings shall include all worksheets and detailed supporting data used to determine the amount of the adjustment.

Changes in factors S or C may not be made in periodic purchased gas filings except to recognize changes between pipeline and nonpipeline purchases. A change in factors D, N, or Z may be made in periodic filings and will be deemed approved if it conforms to the annual purchased gas filing or if it conforms to the principles set out in 19.10(5) and 19.10(6).

The utility shall implement automatically all purchased gas adjustment changes which result from changes Rc, Rd, Rn, or Rz equal to or greater than .5 cents per ccf or therm immediately with concurrent board notification with adequate information to calculate and support the change. Purchased gas adjustment changes of less than .5 cents per ccf or therm shall be required with concurrent board notification if the last purchased gas adjustment occurred 30 days or more prior to the change. The purchased gas adjustment shall be calculated separately for each customer classification or grouping.

Unless otherwise ordered by the board, a rate-regulated utility's purchased gas adjustment rate factors shall be adjusted as purchased gas costs change and shall recover from the customers only the actual costs of purchased gas and other currently incurred charges associated with the delivery, inventory or reservation of natural gas. Such periodic changes shall become effective with usage on or after the date of change.

If a supplier's entitlement charge is zero, the same percentage of current demand charges shall be allocated to each customer class or grouping as the average of demand charges allocated during the last 12-month period for which entitlement rates were not zero. "Current demand charges" means the amount  $(D \times Rd)$  used in computing the formula set out in 19.10(1).

February 21, 2001

/s/ Allan T. Thoms  
Allan T. Thoms  
Chairperson